

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)	
)	
Modernizing the E-rate)	WC Docket No. 13-184
Program for Schools and Libraries)	

NOTICE OF PROPOSED RULEMAKING

**Adopted: July 19, 2013
2013**

Released: July 23,

**COMMENTS FROM THE STATE OF ARKANSAS
September 16, 2013**

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I. INTRODUCTION

Pursuant to Section 1.51 (c) of the Commission's rules, the state of Arkansas hereby submits these comments in response to the Commission's Notice of Proposed Rule Making adopted on July 19, 2013.

Arkansas leadership is keenly aware of the importance of high speed broadband connectivity to all schools and libraries. Governor Mike Beebe has convened two committees to address this need. The governor's new task force (FASTER Arkansas) whose acronym stands for Fast Access for Students, Teachers & Economic Results¹ — and its sister committee, the Quality Digital Learning Study², are working to determine just how much broadband Internet is needed by schools overall and what will be necessary to participate in Common Core testing. Both groups will report to the governor by early December on potential solutions.

The Schools and Libraries E-rate Program has been successful in connecting schools and libraries across the nation to the Internet. While the Program is successful, it is cumbersome to navigate with many obstacles and pitfalls to receiving the final funding. Even when the funding is received there is no guarantee that, due to an error unrelated to waste, fraud or abuse, the applicant will not have to return the funds at a later date years after funding was received.

II. COMMENT SUMMARY

In this Notice of Proposed Rulemaking (NPRM), the Commission has requested comprehensive comments related to all aspects of the Schools and Libraries E-rate program. Arkansas appreciates the opportunity to comment on these important issues and strives to

¹ <http://talkbusiness.net/2013/07/mission-critical-broadband-challenge-connecting-business-education-leaders/#>

² <http://www.arkansased.org/divisions/policy/quality-digital-learning-study>

provide the perspective of the individual schools, districts, Educational Service Cooperatives and libraries as well as the state organizations that work with and represent Arkansas schools and public libraries.

In our comments we embrace the SETDA connectivity measures. While the ratio of bandwidth per student is a good metric, bandwidth requirements may fluctuate depending on the individual school's situation. We also point out that there is not a one-size-fits-all bandwidth solution for libraries. We agree that adoption is a good metric for broadband availability.

Arkansas supports the ConnectEd initiative and believes that high speed broadband is imperative in today's education environment. We believe that dark and lit fiber should be treated the same. We believe that equipment necessary to support the high speed broadband connections should be moved to Priority One funding. Arkansas also believes that applicants must have the option to purchase rather than to lease connectivity, including a Wide Area Network (WAN) where feasible. We agree with allowing amortization of capital costs but point out the decision must be made by the applicant.

Arkansas does not support the elimination of or phasing down of support for any currently eligible service. We also do not support the elimination of funding for administrative functions associated with schools and libraries.

Arkansas strongly discourages tying educational impact with E-rate funding as there are other factors that also impact education. Measuring educational impact was never a goal of the program.

Arkansas supports collection of data through a revised FCC Form 471 that incorporates the Item 21 Attachment as part of the application. We do not support a requirement that would force applicants to enter more granular data into an application or other database. This additional burden is counter to the goal of streamlining the application process. We also support SECA's proposed web portal for all E-rate documentation.

It is imperative that the E-rate process be simplified. To accomplish this goal Arkansas recommends:

- The creation of an all-inclusive site to house rules, policy and procedures that is searchable and easy to navigate
- The elimination of the FCC Form 486 and the associated FCC Form 479
- Electronic submission of applicant data that is mapped to the SLD's data
- Set a permanent filing window
- Incorporate the Item 21 Attachment into the FCC Form 471 as Block 5b and allow applicants to upload information
- Routine applications that do not change from year to year should be reviewed only when there is a fluctuation in cost or E-rate discount
- Remove the necessity for cost allocation
- Simplify the Eligible Services List

Arkansas strongly supports multi-year contracts and multi-year applications. We do not support the proposal that multi-year contracts are limited to three years.

Arkansas does not support per student or per building funding mechanisms or submitting applications by district.

Arkansas supports the Commissions goal to increase consortia applications but points out the negative impact of delayed funding commitments.

Arkansas supports direct payment to applicants.

III. GOALS AND MEASURES

B. ENSURING SCHOOLS AND LIBRARIES HAVE AFFORDABLE ACCESS TO 21ST CENTURY BROADBAND THAT SUPPORTS DIGITAL LEARNING

¶ 23 Connectivity Metrics. We seek comment on adopting the SETDA target of ensuring that schools have 100 Mbps per 1,000 users increasing to 1 Gbps per 1,000 users. SETDA also recommends that a school within a district have Wide Area Network (WAN) connectivity to other schools within their district of at least 10 Gbps per 1,000 students and staff by 2017-2018.⁵⁰ We also seek comment on adopting that target for WAN connectivity.

Arkansas embraces SETDA's target of ensuring that schools have 100 Mbps per 1,000 users increasing to 1Gbps per 1,000 users where feasible. Arkansas also concurs with the SETDA recommendation that a school within a district have Wide Area Network (WAN) connectivity to other schools within their district of at least 10 Gbps per 1,000 students and staff by 2017-2018.

¶ 24 More specifically, we seek comment on whether the SETDA targets are appropriate for all schools, or whether we should set some other minimum levels of broadband speed necessary to meet our proposed goal, and what those levels should be....Will schools with 500 students need 500 Mbps Internet capacity, and how much WAN connectivity will they need? How about schools with 100 students?

The ratio of bandwidth in the proposed goal should remain the same for schools that have very few students. The scope of the broadband effort will vary depending on student population. In some instances smaller districts will need more bandwidth per student.

Schools in America are requiring increasingly higher broadband speeds for the necessary bandwidth to the Internet as well as intra-district connectivity between schools/buildings to

meet the growing demand of technology in today's education. Libraries also require higher broadband speeds to keep up with the increasing patron demands for services.

In order to support one-to-one initiatives, not only the does the broadband capacity need to increase, the number of devices currently in place at a school will double if not quadruple. Network aggregators, filters, WAPs and firewalls will have to be replaced or upgraded to handle the additional bandwidth. Category 6 cabling will have to be installed for the new wireless access points.

¶ 25 *We also seek comment on the appropriate bandwidth target for libraries. We also seek comment on the target date of 2020 for libraries to have 1 Gbps Internet connectivity. What are the challenges to libraries and the E-rate program of meeting this goal?*

Arkansas public libraries vary widely in the populations they serve, their governing structure (regional library systems, city or county entities, independent libraries) and their funding situations. Consequently, there is not a one-size-fits-all bandwidth solution for libraries. Arkansas is a primarily rural state with diverse geography which leads to varying broadband costs in different areas of the state. Despite the challenges in obtaining adequate cost-effective bandwidth, 1 Gbps by 2020 is an idealistic goal. In order to make 1 Gbps by 2020 an attainable library goal, the cost of high speed broadband connectivity needs to be cost-effective for libraries. Just because 1 Gbps is available does not mean the library can afford the connection, even with E-Rate discounts.

¶ 29 *Using adoption to measure availability and affordability. The simplest measure of broadband availability and affordability for schools and libraries may observe whether eligible schools and libraries are purchasing broadband services that meet our proposed speed benchmarks. We therefore seek comment on whether to measure school and library broadband speeds as one metric of broadband availability and affordability.*

Arkansas agrees with this measurement, subject to our position set forth in our response to ¶ 34 below. This metric will provide data for schools and libraries that are outside the city boundaries which is where the metrics are usually set.

¶ 30 *If we adopt this proposal, we seek comment on how best to collect data on the speed and quality of school and library connections.....The Commission is currently seeking comment on modifying the FCC Form 471 to collect more detailed information from applicants on connection speeds and the types of technologies being used for connectivity.*

The speed and types of technologies used for connectivity can be captured in the revised FCC Form 471 Block 5b. All the information required in the Item 21 Attachment can become part of the Form 471 Block 5 funding request as described in ¶ 52.

¶ 31 *Should we require that E-rate applicants provide specific information about the bandwidth or speed for which they seek funding?*

Yes, the FCC should require that E-rate applicants provide specific information about the bandwidth or speed for which they seek funding. This information is available to the applicant at the time the application is submitted. The information can be added as part of the Form 471 Block 5 as described in ¶ 100.

In order to continue the effort to keep the application process simplified, the applicant should not be forced to enter information into two separate databases. When the data is entered electronically as part of the Form 471 Block 5 submission the information can be included as part of the data provided through the SLD's website.

¶ 34 *In the alternative, should we require some or all E-rate applicants to have dedicated equipment measuring performance to and within each of their buildings?*

Arkansas strongly opposes this suggestion. The FCC should not mandate the installation of monitoring equipment to determine how much bandwidth is actually used. Networks are designed to handle the high capacity needs of the district during peak times. A good network design has adequate bandwidth to handle peak traffic without degradation of service allows for growth. Concerning reporting requirements and maintaining a history of the reports, it should be noted that devices and methods of measuring differ widely and results cannot be easily compared to one another. In addition, the cost of storage for this data is prohibitive.

¶ 38 *Alternatively, should we survey just those schools that do not adopt broadband connections meeting our performance targets to find out why they have not done so?*

A school or library's lack of broadband access could be the result of several factors:

1. The service is unavailable in the area.
2. The service is available but the initial broadband build out is cost prohibitive.
3. The service is available but the monthly cost of broadband service is cost prohibitive.
4. The school does not have the necessary local area network infrastructure to fully utilize high speed broadband.
5. Lack of staff with the proper technical expertise.
6. Technical staff overloaded and do not have time to dedicate to technology or broadband initiatives

¶ 40 *Educational Impact Measurements. Alternatively, should we survey just those schools that do not adopt broadband connections meeting our performance targets to find out why they have not done so?*

Arkansas opposes linking E-rate to educational achievement. While we believe that E-rate enhances educational achievement, this not the intent or purpose of the program and there is no reference to “educational achievement” in the language of the 1996 Telecommunications Act that established the program. The NPRM itself correctly states the issue: “Because classroom performance is affected by many factors, there are no reliable conclusions to be drawn.” We very much agree.

D. STREAMLINING THE ADMINISTRATION OF THE E-RATE PROGRAM

1. PROPOSED GOAL

¶ 45 *We propose to adopt, as the third goal of the E-rate program, to streamline the administration of the E-rate program.*

Arkansas applauds the Commission’s efforts to streamline the administration of the E-rate Program. The complexity of the program, the myriad of pitfalls due to vague rules, policies and procedures are daunting for applicants.

E. DATA COLLECTION

¶ 53 *In addition to the specific revisions suggested above, should we revise any of the Commission’s E-rate forms, such as the FCC Form 471 application, Item 21, or the FCC Form 500, to collect new data, or to change the formats in which we collect data? For example, should we revise the Item 21 attachment to the FCC Form 471 to collect data more consistently from all applicants?.... Are there ways we can change the format of the Item 21 to collect more granular data in a way that will allow us to more easily identify what products and services applicants are purchasing and at what prices?*

The information required in the Item 21 Attachment can become part of the Form 471 Block 5 funding request. The current Block 5 can be referenced as Block 5a. A new Block 5b can be created that allows the applicant to choose the options that reflect their funding request. This would require all dropdowns available in the current Item 21 Attachment become part of the Block 5. Applicants should be allowed to upload the Item 21 information into the E-

rate application Block 5b. There should be a connector that allows the mapping of applicants' data to the SLD's data.

In order to continue the effort to keep the application process simplified, the applicant should not be forced to enter information into two separate databases. If the information is entered electronically as part of the Form 471 Block 5 submission the information should be included as part of the data provided through the SLD's Data Retrieval Tool.

Requiring applicants to enter more granular data tends to complicate the application process and is counter to the goal of streamlining the application process.

IV. ENSURING SCHOOLS AND LIBRARIES HAVE AFFORDABLE ACCESS TO 21ST CENTURY

BROADBAND THAT SUPPORTS DIGITAL LEARNING

B. FOCUSING E-RATE FUNDS ON SUPPORTING BROADBAND TO AND WITHIN SCHOOLS AND LIBRARIES

¶ 65 *In particular, we seek comment on possible updates to the list of services eligible for E-rate support and the related rules to focus funding on those services that provide high-capacity broadband to school and library buildings and those services and equipment that disseminate the high-capacity broadband within those buildings, while deprioritizing or phasing out support for services associated with legacy technologies and services that have little direct educational application.*

¶ 85 *Are there other equipment or services necessary for high-capacity broadband connections that should qualify for prioritized support? For example, which of the internal connection services listed as priority two services on the current ESL are necessary for providing high-capacity broadband connectivity within schools or libraries?¹²⁴ What services not on the ESL should we consider supporting?*

Discussions about broadband or bandwidth in schools should also include: Internet connection capacity, Intra-district distribution to school campuses, Inter-campus distribution, bandwidth management/shaping and content filtering. The following equipment, licenses, related service and costs are required to effectively disseminate high-capacity broadband

services to and within schools. The list is not all inclusive. The Eligible Services List must continue to be updated on a yearly basis to keep up with technology trends.

- Aggregator
- Content filter
- Downstream switches
- Fiber and/or Cat6 wire and the supplies needed to terminate
- Firewall
- Router
- Wireless Access Points (WAPS)
- Wireless Controllers

Arkansas is not in favor of deprioritizing or phasing out support for services associated with legacy technologies and services that have little direct educational application. Arkansas provides further information on this topic in response to ¶ 100.

In moving to 1:1, the number of devices will double or triple over time. More bandwidth will be needed as well as upgrades to filters, aggregators and more WAPs.

1. FUNDING FOR BROADBAND CONNECTIONS

¶ 71 *To further improve applicants' flexibility in finding cost effective ways to deploy high-capacity broadband, we propose to make our treatment of lit and dark fiber more consistent.To eliminate this disparity, we propose to provide priority one support for the modulating electronics necessary to light leased dark fiber.*

¶ 72 *In order to maximize the options available for schools and libraries seeking to deploy fiber to their premises, we propose to provide priority one support for special construction charges for leased dark fiber, as we do for leased lit fiber.*

Arkansas agrees with treating lit and dark fiber in a more consistent way by providing Priority One support for the modulating electronics necessary to light leased fiber. Priority One support for special construction charges for leased dark fiber should also be treated the same as leased lit fiber.

¶ 73 *Should we continue to require that large installation and construction costs be spread over multiple years? If so, what should the threshold be for requiring that costs be spread over multiple years? Is three years the right period? Does the answer depend on how many sites are being connected?*

In order to reach the ConnectEd goals the FCC should anticipate a large number of applications for large installations and construction costs. The applicant should be allowed to request the full cost of installation within the funding year the services will be installed if the applicant can pay the non-discounted share. But, the applicant may, of their own choosing, spread the costs of the installation of construction for a period not to exceed 5 years. How the FCC determines whether there should be a threshold for requiring that costs be spread over multiple years depends on how many sites are being connected and the costs associated with installation and construction.

Amortizing large installations and construction costs helps spread the funding across multiple funding years, thereby making the annual budgetary impact on the applicant less burdensome. However, if the service provider includes its financing costs in the total charges to the applicant, then the cost to the program may increase significantly when spread over years.

¶ 76 *Is there a role for the states or Tribal governments to play in determining priority for such funds? For example, should we seek state and Tribal government recommendations for the neediest communities (e.g., low income or schools or libraries without broadband), allowing the Commission to make the final determinations based on the amount of funding set aside for particular schools and libraries for fiber lateral builds?*

It would be difficult for the FCC or USAC to know where the neediest communities are in each state or Tribal area. The determination of the neediest areas for fiber lateral builds should be made at the state or Tribal level. At the very least, the determination should be a collaborative effort among the both parties.

¶ 77 *If we prioritize some funding for new high-capacity broadband deployment should we be technology neutral or should we prioritize fiber connectivity over other types of broadband connectivity? Should we give schools flexibility to select the best technology that meets their needs?*

Arkansas believes the Commission must remain technology neutral in which type of broadband connectivity is funded. Schools and libraries must have the flexibility to select the best technology that meets their needs. Remaining technology neutral addresses the needs of schools and libraries in areas where fiber is far less likely to be offered or available, such as Tribal lands

Deployment costs associated with any technologies should be supported by the E-rate program furthering the FCC's long standing technology neutral stance in regards to eligibility and funding.

¶ 79. WIDE AREA NETWORKS (WANs) *We seek comment on whether there are circumstances under which it will be more cost-effective for schools and libraries to build or purchase their own WAN rather than to lease a WAN. We also seek comment on whether there might be occasions where building or purchasing their own WAN is the only way for schools and libraries to get broadband access.*

Wide Area Networks (WANs) and Municipal Area Networks (MANS) allow more efficient management and use of the network. The costs of the WAN or MAN is generally less than having individual circuits to each building. When the WAN or MAN crosses a right-of-way the district has to maintain multiple demarcs.

¶ 86 CIPA. *Should the 2001 decision to prohibit schools and libraries from receiving E-rate discounts for technology protection measures apply to the broad spectrum of services schools*

and libraries employ for network security which may include, or go beyond those protections necessary for CIPA compliance, in order to maintain and protect high-capacity broadband networks? We seek comment on whether we should review the 2001 CIPA Order decision in light of the network security needs of schools and libraries today.

To be CIPA compliant, E-rate applicants are required to filter Internet traffic. The equipment and all related services are necessary for the transport to and from the Internet and as such should be considered Priority One funding.

2. PHASING DOWN SUPPORT FOR CERTAIN SERVICES

¶ 90 *First, we propose to phase out support for a number of specific services, including outdated services currently on the ESL, for components of voice service, and seek comment on phasing out support for services that are not used primarily for educational purposes. Second, we seek comment on more fundamentally shifting the way we direct E-rate support to focus exclusively on high-capacity broadband connectivity to and within schools. In so doing, we seek comment on whether there are additional services for which we should phase out or reduce support, including traditional telephone services.*

Funding for voice services should not be eliminated. While broadband costs continue to fall the cost for telephone services remains consistently high. In one example an entity receives high speed bandwidth for \$300 per month while the telephone service is over \$1,000 per month. The cost of services depends on location, and the number of providers serving the area. Funding is very important for many schools where safety issues are of concern, e.g., 911 calls. Both POTS and VoIP should remain eligible.

Discounts on voice service are very important for Arkansas public libraries. The majority of E-Rate funds requested by public libraries (over 60% in Funding Year 2013) are for voice services. Local and long distance voice service (POTS) accounts for the majority of telecommunications services requests due to the limited availability of VoIP in rural libraries. Most libraries are getting the highest internet speed available, and it is barely adequate to run

patron and staff computers, let alone a VoIP system. POTS remains the only option for the most rural and economically challenged libraries of the state.

2. PHASING DOWN SUPPORT FOR CERTAIN SERVICES

¶ 91 We also seek comment on other changes we could make, such as assigning such services a different discount rate that would require applicants to pay for a greater share of those services than for services that we consider to be directly connected to the fundamental purpose of the E-rate program.

Arkansas opposes assigning different discount rates for different services. It does not simplify the E-rate application process. Imposing exceptions or “it depends” conditions on a process creates confusion and will result in unintentional applicant errors. Some of the errors may be correctable but this adds to the time and cost of USAC’s review, application corrections and USAC’s review of the corrections. Other errors may not be correctable and will result in a loss of applicant funding.

A. SPECIFIC SERVICES FOR WHICH SUPPORT MAY NO LONGER BE APPROPRIATE

¶ 95 Components of voice service and supplemental services. We also propose to phase out funding for services that are simply components of voice service as well as those services, other than voice, that ride over or are supplemental to high-capacity broadband connections but are not necessary to make a broadband service functional. More specifically, we first propose to eliminate support for custom calling features, inside wiring maintenance plans, call blocking, 800 number services, and text messaging as components of voice services that may not serve educational purposes and do not further our proposed goals.

E-rate funds should be provided if school and library staff use such services only for administrative or other purposes not directly tied to education. The definition of educational purposes was expanded in the FCC’s Second Report and Order released in 2003 to include the above mentioned users. It was determined that use of the services by educators was part of the educational process and therefore should be funded. Removing eligibility of these users would

complicate the application and reimbursement processes as the non-eligible usage must be cost allocated out of the cost of services and equipment...

Cost allocation complicates the process and creates more pitfalls for the applicant. Program Integrity Assurance must review the cost allocations to insure the applicant removed every dime from their funding request. It also increases the review efforts of the USAC Invoice Review team and review by Payment Quality Assurance. These efforts increase the cost to the applicant, service providers and program administrators. When an applicant does not agree with the reduction, they have the option to appeal to USAC and the FCC further increasing the burden on all parties. Arkansas strongly opposes changing the definition of educational purpose and removing the eligibility of administrative usage and non-instructional facilities.

Cost allocation further complicates the process for applicants and leads to frustration, errors, and loss of funding and leads applicants to forgo submitting applications.

The FCC should not introduce different funding priorities and discount levels for funds that are provided for administrative or other purposes not directly tied to education.

A. SPECIFIC SERVICES FOR WHICH SUPPORT MAY NO LONGER BE APPROPRIATE

¶ 97 *Based on the concept articulated in the Healthcare Connect Fund Order, we seek comment on phasing out E-rate support for services that are not directly related to connectivity and seek comment on this proposal, such as electronic mail services (e-mail) service and web hosting as supplemental services.*

Arkansas does not agree with the elimination of funding for web hosting. Web hosting services are used to make content electronically available for all parties, be it recorded lessons for students to access at home, calendar events that are filterable by activity, forms for parents, homework submission for students, shared blogs for teachers and students.

¶ 100 *Educational Purpose.* We seek comment on whether we should make changes to the E-rate program to ensure that supported services are, at a minimum, used for the core purpose of educating students and serving library patrons.¹⁴⁴ More specifically, we seek comment on whether we should allow a school or library to seek E-rate support for services that will be used only by school and library staff, administrators, or board members.

Refer to Arkansas' comments to ¶ 95.

¶ 102 *Cellular data plans and air cards.* We also seek comment on how to treat support for Internet access services provided via cellular data plans, including air cards. Such services are costly, and can be provided more efficiently on-campus via an E-rate supported local area (LAN) network that connects to the Internet.¹⁵⁰ Should we phase out support for cellular data plans and air cards or should we instead deprioritize support for such services?

Arkansas believes the service must remain as eligible. It provides a necessary service when connectivity is not available. Arkansas also recommends that the use of air cards or other types of access be eligible on school buses as students in rural areas travel for extended periods. The FCC should not phase out support for cellular data plans and air cards nor should it deprioritize support for such services.

¶ 109 *Voice over Internet Protocol (VoIP) service.* Does Voice over Internet Protocol (VoIP) service provide a viable alternative to public-switch telephone service?

Arkansas does not believe Voice over Internet Protocol (VoIP) is a solution for everyone. There are applicants that may not have the expertise to manage VoIP. There are applicants that may not have the proper LAN infrastructure to use VoIP. There are smaller applicants that do not need VoIP services.

C. ENSURING EQUITABLE ACCESS TO LIMITED E-RATE FUNDS

2. SUPPORT BASED ON DISTRICT-WIDE ELIGIBILITY AND APPLICATION BY SCHOOL DISTRICT

¶ 126 We seek comment on requiring all schools within a school district to submit applications by school district, rather than by individual school or groups of schools within the same discount, and to use the average discount rate for the entire school district rather than the weighted average for each school building. We also seek comment on whether all libraries

located within a school district should use the school district's discount rate when calculating their discount rate.

¶ 129 Accordingly, we propose to revise section 54.505(b) of the E-rate rules to read:

School districts shall calculate discounts on supported services described in § 54.502(b) by calculating a single discount percentage rate for the entire school district by dividing the total number of students eligible for the National School Lunch Program within the school district by the total number of students within the school district. This single discount percentage rate shall then be applied to the discount matrix to set a discount rate for the supported services purchased by all schools within the school district

¶ 131 We thus seek comment on amending section 54.504(a) of the E-rate rules to read:

An eligible school, library, or consortium that includes an eligible school or library seeking to receive discounts for eligible services under this subpart, shall, upon signing a contract for eligible services, submit a completed FCC Form 471 to the Administrator. All schools and libraries that are part of the same school district and seek priority two internal connections shall submit a completed FCC Form 471 to the Administrator as part of the school district in which they are located. A commitment of support is contingent upon the filing of an FCC Form 471.

Arkansas does not agree with the district level discount method proposal. The method would simplify the calculating of discounts for the FCC Form 471 Block 4. That is a small tradeoff for the lack of equipment funding an individual school may receive. Without changes to the priority system and the eligibility of equipment, districts will lose the prospect of receiving any funding for Priority Two services. Historically, applicants that have a district E-rate discount less than 90% have had little hope of receiving Priority two funding for the whole district. These applicants have requested funding on the school level in order to install at least some necessary equipment. This solution while not ideal in all circumstances has allowed applicants the opportunity to upgrade at least a portion of their infrastructure.

4. SETTING BUDGETS OR LIMITS

¶ 136 We also expect that a small rural school may have to pay more per-student for Internet access than a large urban school. However, Funds for Learning finds that some of the highest per-student costs are in urban areas, where competition should drive down prices.

Competition does have an effect on the cost of bandwidth. In rural areas there is usually only one provider. Geography plays into the cost and the delivery of service whether it is terrain or crossing public rights-of-ways. For example, a district cannot receive broadband because the incumbent provider cannot deliver the service across the freeway that runs between the provider's facilities and the district. Crossing LATA or the state line also may be a factor in the cost of service as well as receiving services from a provider across state lines.

6. SIMPLIFIED ALLOCATION OF FUNDS TO ALL SCHOOLS AND LIBRARIES

¶ 159 Are there other forms, deadlines, or requirements, such as the technology plan and technology-plan-review process, that we could eliminate?

Arkansas strongly encourages the elimination of the Form 486. See our comments on ¶ 259 under Streamlining the Administration of the Program.

V. MAXIMIZING THE COST EFFECTIVENESS OF E-RATE FUNDS

B. INCREASING CONSORTIUM PURCHASING

¶ 182 Are there other actions the Commission can take to remove barriers to participation in consortia?

The E-rate process for consortium and statewide applications is difficult, fraught with opportunities for error. PIA review is a punishment for submitting large complex applications. Applications get held in review for the minutest reasons such as school closings, Pre-K facilities, and discount calculations which may not affect the bottom line. Statewide applicants typically receive their funding commitment decisions 18 – 24 months after the filing window closes.

Many times they are working on the next year's applications without the comfort or knowledge of what worked or did not work on the previous year's applications.

VI. STREAMLINING THE ADMINISTRATION OF THE E-RATE PROGRAM

A. Electronic Filing of FCC Forms and Correspondence

¶ 227 To enable USAC to manage applications more quickly and efficiently, we first propose to require all E-rate applicants and service providers to file all documents, including the FCC Form 500, with USAC electronically and to require USAC to make all notifications electronically. We seek comment on this proposal.

Arkansas believes that all forms must be available electronically including the FCC Form 500, service substitution requests, deadline extension requests and service provider changes. While the USAC should provide the availability of electronic filing, the FCC should not mandate that all applicants and service providers submit the data electronically.

¶ 228 We therefore seek comment on whether we should impose a minimal fee for applicants who seek to file their forms and correspondence in paper form.

As stated in response to ¶ 227, there may be reasons outside the applicant or service providers' control. These applicants should not have a minimal fee imposed.

¶ 229 SECA suggests that all of an applicant's forms and correspondence with USAC should be available from a centralized portal so the applicant can retrieve current and prior years' information to use as a starting point for new form submissions.....We seek comment on SECA's proposal and any alternative ways to simplify the submission and receipt of FCC forms and other correspondence to USAC.

Arkansas agrees with SECA's suggestion that all of an applicant's forms and correspondence with USAC should be available from a centralized portal so the applicant can retrieve current and prior years' information to use as a starting point for new form submissions. As stated in ¶ 53 above, applicants should have the ability to upload data into E-rate forms. There should be a connector that allows the mapping of applicants' data to the SLD's data.

B. Increasing the Transparency of USAC's Processes

¶ 232 We seek comment on ways to increase transparency throughout the application, commitment and disbursement processes, so that applicants have a better understanding of the status of their funding requests. SECA suggests, among other things, that the longer a decision is pending, the more status update information should be made available on USAC's website to the affected parties. SECA therefore proposes that USAC should provide additional levels of detail in its "Application Status" tool on its website to provide applicants with a better understanding of where their application is in the review process. For example, SECA suggests additional designations, such as "Normal Review," "Selective Review," "Policy Review," "Investigative Review," and "Pending Program Decision on Available Internal Connection Funding." Additionally, in cases where USAC is waiting for an applicant submission, it could indicate as part of the application status that it is "awaiting applicant's response to USAC's request on [date]." We seek comment on SECA's proposal and other ways in which to increase transparency of the review process for applicants.

Arkansas agrees with SECA that transparency throughout all E-rate process is desirable.

The recommended statuses should be available through the SLD's Data Retrieval Tool (DRT) as well as the Application Status tool.

Applicants must have easy access to all the information pertaining to the E-rate process. The program is beginning its 16th year of existence. While the SLD's website has improved it is still cumbersome for novice applicants and service providers to navigate. It is difficult for applicants to find rules, processes and procedures. There should be one source where every piece of information is held. This information should be reviewed and when necessary all source documents must be updated at a minimum of every quarter. The source document should also contain the date the change became effective. All documents must be searchable and an index of available documents by topic must be available on the SLD's website. The SLD's weekly News Brief should be used to disseminate any changes within two weeks of the change. This includes any rule changes which arise due to an FCC Order or appeal decision. All stakeholders, applicants, service providers, application reviewers and auditors should refer to the same information.

**C. SPEEDING REVIEW OF APPLICATIONS, COMMITMENT DECISIONS, AND FUNDING
DISBURSEMENT**

¶ 233 *We next seek comment on ways to reduce the time it takes USAC to review applications for E-rate support in order to more quickly release funding commitment decisions. Currently, applications can undergo a number of levels of review prior to release of funding commitment decisions.*

¶ 235 *In addition, we seek comment on ways to expedite the application review process. Are there ways in which USAC can streamline the PIA review process so that applicants are not asked duplicative questions or asked for the same documentation for different applications or funding requests where previous responses or documentation are applicable?*

Arkansas suggests that the review process be automated for routine applications.

Applicants routinely request the same funding for the same services year after year. The recurring costs of services usually only increase because of a change in tariff rates (which fall under state PUC control) or taxes. E-rate discounts do not change drastically year to year. The USAC system should automatically compare applicants' funding requests against the previous year's application. If the funding request has gone up by 5% or less or the discount change is less than 2% the request should move to automatic approval. The review of consortium and statewide applications can be improved in the same manner. The increased automation will save USAC manpower and cost and will result in quicker commitment decisions.

Each year a new version of the Eligible Services List is developed. Items that were or were not eligible in one year may or may not be eligible in the upcoming year. Items are conditionally eligible depending on location, use and user. This conditionality makes the cost allocation of ineligible use or user confusing to the applicant. Many times the cost allocation is so minor that it should be considered ancillary. Applicants fear making this statement so they spend time developing complex algorithms to accomplish this simple task. Service or equipment should be fully eligible.

In relation to the telecommunications, invoices include ancillary items that must be removed from the application. Time is spent by the PIA reviewer and the applicant removing and proving the item was removed. PIA reviewers should be spending their time on the more complex aspects of application review than worrying about a 10 cent charge. If you figure every one of the 45,000 applications has one 10 cent charge we are only talking about \$4,500. Administrative costs of reviewing, questioning and reviewing responses quickly eats away at any cost savings to the program. The review of these charges may also occur during invoice review and Payment Quality Assurance (PQA) reviews further increasing the burden and expense to all parties involved.

¶1238 Cost Allocation. *Are there current cost-allocation challenges that impose undue burdens on applicants and on USAC that could be removed? For example, some states do not include preschool within their definition of elementary schools. In such states, preschool classrooms are therefore currently not eligible to receive support for E-rate services, even when those preschool classrooms are located within an elementary school building that otherwise receives E-rate supported services. As a result, in such states, applicants must cost-allocate the expenses for providing E-rate supported services to preschool classrooms, and exclude those expenses from requests for E-rate support. Consistent with the Commission's allowance for the community use of E-rate services, would an exception for these classrooms improve the efficient use of E-rate eligible services and reduce the administrative burden? Are those costs typically so small that the burden of cost allocation and administrative review outweigh the benefit to the Fund of requiring cost-allocation? Commenters should be specific in their proposals.*

Arkansas strongly agrees that the exception described above is necessary and would greatly improve the efficient use of E-rate eligible services and reduce the administrative burden because the costs are typically so small that the burden of cost allocation and administrative review outweigh the benefit to the Fund of requiring cost-allocation. This is also consistent with Item 20 on the 470 which states "I certify the services the applicant purchases at discounts provided by 47 U.S.C 254 will be used **primarily** (emphasis added) for educational

purposes....”, regardless of whether or not there is a component Pre-K in the eligible entity. The cost associated with Pre-K is typically less than 1% of the applicants funding request. As described in ¶95, cost allocation complicates the E-rate process and creates more pitfalls for the applicant.

The detail of the review questions for consortium and state applications related to Pre-K hold up applications for weeks. Most commonly the questions are whether the Pre-K is a component or standalone Pre-K. It takes a lot of effort to contact every school listed in the request adding to the applicant workload and expense. It also adds to the administrative burden and expenses of PIA review.

¶ 241 *Multi-year contracts* First, we propose that, absent a change in the contract, service provider or recipients of service, we allow E-rate applicants with multi-year contracts that are no more than three years in length which the contract commences and go through the full review process just one time for each such multi-year contracts. We seek comment on this proposal, and on what additional steps E-rate applicants should have to take in the second and third year of such contracts to confirm their request for E-rate support for the subsequent years. We specifically seek comment on the following proposed rule language:

Multi-year contracts. An eligible school, library or consortium that includes an eligible school or library seeking to receive discounts under this subpart may submit to USAC a single FCC Form 471 covering all the years of a multi-year contract, provided that the term of the contract including extensions, does not exceed three years. An FCC Form 471 covering a multi-year contract must be submitted to USAC before the start of the first funding year covered by the multi-year contract.

Arkansas supports the use of multi-year contracts and multi-year applications. This will greatly reduce the burden of applying for E-rate funding for the same services every year. However, applicants should have the option to enter into multi-year contracts of any term, provided that the term does not exceed what is permitted by state law. An application should be submitted for a period not to exceed three years, after which applicants would submit

another application for the next one, two or three years of the contract, continuing until the contract has terminated.

If the contract allows changes such as increase in speed or installation of additional bandwidth, or change in the E-rate discount the applicant should submit a new FCC Form 471 reflecting the changes.

In response to the request for comments on what additional steps E-rate applicants should have to take in the second and third year of such contracts to confirm their request for E-rate support for the subsequent years we recommend the following process.

1. Applicant submits first application for services indicating contract term
2. USAC continues to fund applications for the second and third year application cycle.
3. If the contract will change during the upcoming funding year the applicant must notify USAC prior to the close of the filing window and must submit a new application.

¶ 247 *Additional filing windows. If, in reforming the E-rate program, we create more than two funding priorities, should we have a separate application filing window for each set of priorities? We seek comment on the operational challenges to having multiple application filing windows, and whether it would, on balance, benefit applicants and help achieve the goal of maximizing administrative efficiencies.*

For most applicants E-rate is only a small portion of their job duties. It is difficult for them to keep up with all the current deadlines. Many times the applicant is working on more than one program year at the same time. Creating two funding windows would further complicate the process and cause applicant and service provider confusion. This would

ultimately end in missed deadlines, deadline waiver requests and appeals further burdening the applicant, service provider and FCC staff.

Arkansas also recommends setting a permanent filing window of mid-December to mid-March. Setting a permanent window allows applicants, especially those with large or complex applications plenty of time to complete data entry and verification prior to submitting the application.

D. Simplifying the Eligible Services List

¶ 250 *In the Healthcare Connect Fund Order, the Commission determined that it should support broadband Internet access services and also high-capacity transmission services offered on a common carrier and a non-common carrier basis to allow health care providers to choose from a wide-range of connectivity solutions using any technology from any provider. Building off this decision, we seek comment on eliminating the regulatory categories with respect to E-rate supported services. Instead, we propose only that an applicant indicate on the FCC Form 470 the requested service priority level as well as provide enough detail for service providers to identify the requested services and formulate bids on the FCC Form 470. The FCC Form 471 application would also require the service priority level (e.g., priority one or priority two) and the Item 21 attachment would continue to be used by applicants to describe the services for which they seek discounts for each funding request. We seek comment on these changes to the E-rate forms.*

The Commission envisioned the process would increase competition and extend advanced telecommunications and Internet access into all areas of the nation regardless of the rurality or size of the community. It has taken many years to see this vision come to fruition. Only in the past year has Arkansas seen service providers move into another incumbent's service area. Even with this movement the challenges are still great. While Arkansas Department of Information Systems (DIS) has received bids and awarded contracts for advanced telecommunications to carriers bidding outside their territory the technical and financial challenges have prevented the installation of the service. While one cable company has brought competition in advanced telecommunications offerings to the northwest part of

the state the majority of competition DIS has experienced is in the installation of commodity Internet. The competitive bidding process has brought limited to no competition into the rural areas for telecommunication services.

¶ 251 *We seek comment on an alternative way for USAC to determine which applicants are required to be CIPA-compliant. For example, should we add a checkbox to the FCC Form 471 with a certification that the applicant is seeking discounts for Internet access and/or internal connections and is subject to CIPA requirements? If so, should we also add the actual CIPA certification to this checkbox allowing the applicant to certify its compliance with CIPA? This would allow us to remove the CIPA certification from the FCC Forms 479 and 486 so that applicants would not have to certify to CIPA on multiple forms. In its June 2013 White Paper, SECA suggests that applicants be given the option of providing the information currently required on the FCC Form 486 on the Form 471..... Would moving the CIPA certification work for all applicants including consortia?*

Arkansas recommends the elimination of the FCC Forms 479 and 486 and moving the CIPA certifications to the Form 470 or Form 471. The Form 486 while simple compared to the other E-rate forms has become an obstacle to applicants receiving approved funding. The deadline for submission of the form is confusing for those applicants receiving FCDLs after the funding year has begun. Personnel responsible for the E-rate program turnover during the summer months which is the time the FCDL is received. There have been instances where the district does not assign the E-rate duties to another staff member until the filing window opens. The new E-rate Coordinator is immediately overwhelmed and the Form 486 is overlooked while they begin working on the Form 470 and Form 471 for the current Form 471 filing window.

In recent appeal decisions the FCC has already identified the form is a procedural document. The form's current purpose is to provide the Schools and Libraries Division with a document where the applicant self certifies three (3) items; service start date, compliance with the Children's Internet Protection Act (CIPA) and the existence of an approved technology plan. These certifications can be included the remaining forms.

The service start date is listed in the Form 471, Block 5, Item 19a. This date can be used for monthly recurring service (telecommunications, internet access and internal connections basic maintenance) in place of the Service Start Date on the Form 486. Applicants submitting a Form 472 for Priority II would include the relevant information in Block 2, Item 13 (Shipping date to Customer or Last Day of Work Performed). Service certifications may be requested during an invoice review for Priority Two reimbursements. Using a service certification, applicants can confirm the amounts on Service Provider Invoice (SPI) Forms and verify that the invoiced services were delivered.

CIPA certifications may also be added to the Form 471. The certification can be added as stated in the Form 486. Alternatively the Item 30 certification can be modified to: “I certify that I and the entity (ies) I represent have complied with all program rules, including but not limited to CIPA, and I acknowledge that failure to do so may result in denial of discount funding and/or cancellation of funding commitments. There are signed contracts covering all of the services listed on this Form 471 except for those services provided under non-contracted tariffed or month-to-month arrangements. I acknowledge that failure to comply with program rules could result in civil or criminal prosecution by the appropriate law enforcement authorities.

The Form 486 technology plan certification is redundant as there are existing certifications in the Form 470 and Form 471. The Form 470 contains a certification for the technology plan in certification 17. The Form 471 also contains certifications covering Technology Plans in Block 6, Certification 26 and Certification 27.

Form 470 certification:

17. I certify that, if required by Commission rules, all of the individual schools and libraries receiving services under this form are covered by technology plans that do or will cover all 12 months of the funding year, and that have been or will be approved by a state or other authorized body, or an SLD-certified technology plan approver, prior to the commencement of service.

Form 471 certification:

26. I certify that, if required by Commission rules, all of the individual schools and libraries receiving services under this form are covered by technology plans that do or will cover all 12 months of the funding year, and that have been or will be approved by a state or other Authorized body or an SLD-certified technology plan approver prior to the commencement of service.

Or I certify that no technology plan is required by Commission rules.

27a. I certify that (if applicable) I posted my Form 470 and (if applicable) made any

27b. I certify that (if applicable) I posted my Form 470 and (if applicable) made any related RFP available for at least 28 days before considering all bids received and selecting a service provider. I certify that all bids submitted were carefully considered and the most cost-effective service offering was selected, with price being the primary factor considered, and is the most cost-effective means of meeting educational needs and technology plan goals.

Moving CIPA and technology plan certifications will work for all applicants

including consortia.

With the elimination of the Form 486 the Form 479 should also be eliminated.

Finally the elimination of the FCC Forms 479 and 486 aligns with the Paperwork

Reduction Act United States Code Title 44 – Public Printing and Documents, Chapter 35

– Coordination of Federal Information Policy § 3501. Purpose

G. INVOICING AND DISBURSEMENT PROCESS

¶ 261 *We seek comment on adopting a revised disbursement process that allows applicants, paying the full cost of the services under the BEAR process, to receive direct reimbursement from USAC. Under this proposal, the service provider would no longer serve as the pass-through for the reimbursement of funds where an applicant has paid the service provider in full for the services.*

Arkansas strongly agrees with direct payment to applicants.

VII. OTHER OUTSTANDING ISSUES

A. THE CHILDREN'S INTERNET PROTECTION ACT

¶ 274 *In the alternative, we seek comment on whether CIPA should be interpreted more broadly to be focused on protecting children from harmful online content on any device, and therefore require CIPA compliance with respect to any computer that is accessing the Internet using E-rate supported Internet access or internal connections, regardless of the ownership or control of the device used to access such content*

With respect to libraries, Arkansas does not support requiring a technology protection measure on third-party owned devices.

D. ADDITIONAL MEASURES TO PREVENT WASTE, FRAUD AND ABUSE

1. Extending the E-rate Document Retention Requirements

¶ 295 *We propose to extend the E-rate program document retention requirements from five to at least ten years. We seek comments on the benefits and burdens of doing so.*

Arkansas disagrees with the increasing the document retention requirements from the current five years to ten years. It is unreasonable to ask applicants to maintain all records for this length of time.

3. E-rate FCC Form Certification Requirements

b. Existing Certifications

¶ 308 *Our rules currently require certain certifications be made as part of the FCC Forms 470, 471, 472, 479, 486, and 500, but we recognize that many of the certifications on the current E-rate forms are not codified in the Commission's rules..... We thus seek comment on whether we should amend our rules to include all of the certifications currently found on the E-rate FCC Forms.⁴²⁷ If we do so, should we make the list of certifications non-exclusive and to continue to delegate authority to the Bureau to consider including additional certifications on E-rate forms as necessary and appropriate? We seek comment on that approach.*

Arkansas points out that by the time the funding year's E-rate process is completed applicants will make 46 certification (470-9, 471-13, 472-4, 473-8, 474-0, 479-6, 486-11, 499-A 5, 499-Q 5, 500-3). We question the necessity of this number of certifications on the forms and adding additional certifications. Is this where the applicant and service provider should look for rules?

Arkansas hereby submits these comments in response to the Commission's Notice of Proposed Rule Making adopted on July 19, 2013. If you have any questions concerning this information, please contact Becky Rains. She can be reached either by phone at 501-682-4003 or via email, Becky.Rains@arkansas.gov.

Sincerely:

A handwritten signature in purple ink that reads "Becky Rains, PMP". The signature is written in a cursive, flowing style.

Becky Rains, PMP, CPM

Arkansas State E-rate Coordinator